

TOWN OF ABINGTON, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2021

TOWN OF ABINGTON, MASSACHUSETTS
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JUNE 30, 2021

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Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Abington, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abington, Massachusetts, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abington, Massachusetts, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022, on our consideration of the Town of Abington, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Abington's internal control over financial reporting and compliance.

Powers & Sullivan, LLC

February 17, 2022

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Abington, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2021.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Abington's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, community preservation and interest. The business-type activities include the golf, sewer, water, and cable access activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Abington adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains two types of proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its golf, sewer, water, and cable access activities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

The Town established an Other Postemployment Benefits Trust Fund (OPEB) to account for funds set aside to help offset future postemployment benefits for retirees. The Town is working to develop a plan to continue growing the trust fund balance in future years. These activities are excluded from the Town's government-wide financial statements because the Town cannot use these assets to finance its operations.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

COVID-19

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2021. As of June 30, 2021, the Town incurred COVID-19 related expenses totaling \$4.9 million. The Town is being reimbursed for these costs through the Coronavirus Relief Fund, the American Rescue Plan Act and the Education Stabilization Fund.

Government-wide Financial Analysis

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Governmental net position had a deficit balance of \$12.5 million at the close of 2021.

Governmental net position of \$84.3 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that

the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of \$2.5 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of a deficit \$99.2 million represents the impact of the recognition of a \$93.9 million governmental liability associated with the other postemployment benefit plan and a \$20.6 million liability associated with the net pension liability.

The governmental activities net position decreased by \$3.0 million during the current year. This was primarily due to a \$5.7 million net increase in the Town's other postemployment liability and its related deferred inflows and outflows, offset by the receipt of \$704 thousand of capital grants, a \$570 thousand general fund surplus, a \$641 thousand Middle/High school project surplus, and a \$2.6 million non-major fund surplus.

	2021	2020 (as revised)
Assets:		
Current assets.....	\$ 20,086,702	\$ 15,357,082
Capital assets, non depreciable.....	7,995,221	7,995,221
Capital assets, net of accumulated depreciation....	116,928,638	118,520,674
Total assets.....	145,010,561	141,872,977
Deferred outflows of resources.....	24,474,052	11,720,693
Liabilities:		
Current liabilities (excluding debt).....	4,672,452	2,917,077
Noncurrent liabilities (excluding debt).....	119,830,660	109,626,710
Current debt.....	3,326,888	3,962,397
Noncurrent debt.....	40,203,912	40,819,317
Total liabilities.....	168,033,912	157,325,501
Deferred inflows of resources.....	13,945,432	5,722,618
Net position:		
Net investment in capital assets.....	84,273,149	82,770,185
Restricted.....	2,477,521	2,051,147
Unrestricted.....	(99,245,401)	(94,275,781)
Total net position.....	\$ (12,494,731)	\$ (9,454,449)

	2021	2020 (as revised)
Program Revenues:		
Charges for services.....	\$ 3,682,125	\$ 3,272,564
Operating grants and contributions.....	22,800,164	17,646,864
Capital grants and contributions.....	703,839	510,799
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	38,589,370	36,980,921
Tax and other liens.....	102,493	253,452
Motor vehicle and other excise taxes.....	2,568,195	2,485,655
Meals tax.....	335,609	319,392
Community preservation tax.....	529,197	474,693
Grants and contributions not restricted to specific programs.....	2,336,190	2,313,247
Unrestricted investment income.....	99,170	158,071
Miscellaneous.....	413,232	194,491
Total revenues.....	72,159,584	64,610,149
Expenses:		
General government.....	3,091,916	3,286,711
Public safety.....	14,462,582	13,238,584
Education.....	49,166,306	45,004,871
Public works.....	5,113,482	4,178,534
Health and human services.....	882,916	975,044
Culture and recreation.....	1,203,500	1,683,601
Community preservation.....	30,514	143,488
Interest.....	1,242,735	1,485,219
Total expenses.....	75,193,951	69,996,052
Excess (Deficiency) before transfers.....	(3,034,367)	(5,385,903)
Transfers.....	(5,915)	(2,737)
Change in net position.....	(3,040,282)	(5,388,640)
Net position, beginning of year (as revised).....	(9,454,449)	(4,065,809)
Net position, end of year.....	\$ (12,494,731)	\$ (9,454,449)

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #84, *Fiduciary Activities*. The implement of this standard required certain funds which had previously been reported as Agency Funds to now be reported as Governmental Funds. Accordingly, previously reported net position totaling a deficit of \$9.7 million has been revised and totals a deficit of \$9.5 million.

Business Type Activities

Business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$33.0 million at the close of 2021. Net position of \$25.4 million reflects its investment in capital assets less any debt used to acquire those assets that are still outstanding. The remaining balance of unrestricted net position of \$7.6 million may be used to meet ongoing obligations.

The net position of the Water Enterprise Fund increased \$757 thousand during the current year to a balance of \$9.9 million. This increase is consistent with the increase in the prior year and shows that the rates are designed to cover administrative, capital, and debt costs.

The net position of the Sewer Enterprise Fund decreased \$305 thousand during the current year to a balance of \$20.9 million. The change is attributable to increased revenues due to the basic sewer charge increasing from \$10 to \$35 and a \$177 thousand decrease in the accrual for the other postemployment benefit liability.

The net position of the Golf Enterprise Fund increased \$205 thousand during the current year to a balance of \$2.2 million. The change is attributable to a \$254 thousand increase in operating revenues due to a significant increase in rounds played once the course was allowed to open due to the pandemic mandated closure.

The Cable Access Enterprise Fund was established in 2020. The net position of his fund increased \$91 thousand during the current year. The change is attributable to an increase in operations due to the fact this is the first full year the fund has been in operation.

	2021	2020
Assets:		
Current assets.....	\$ 10,704,512	\$ 9,151,279
Noncurrent assets (excluding capital).....	10,295	41,403
Capital assets, non depreciable.....	1,422,001	1,422,001
Capital assets, net of accumulated depreciation....	28,722,683	29,861,514
Total assets.....	40,859,491	40,476,197
Deferred outflows of resources.....	207,748	156,963
Liabilities:		
Current liabilities (excluding debt).....	1,967,574	1,699,826
Noncurrent liabilities (excluding debt).....	1,156,162	1,318,082
Current debt.....	411,437	501,234
Noncurrent debt.....	4,355,422	4,766,859
Total liabilities.....	7,890,595	8,286,001
Deferred inflows of resources.....	144,871	64,539
Net position:		
Net investment in capital assets.....	25,421,552	26,059,149
Unrestricted.....	7,610,221	6,223,471
Total net position.....	\$ 33,031,773	\$ 32,282,620

	2021	2020
Program Revenues:		
Charges for services:		
Water.....	\$ 3,409,764	\$ 3,343,024
Sewer.....	2,901,840	2,490,616
Golf course.....	650,424	396,870
Cable Access.....	268,200	171,994
Total revenues.....	7,230,228	6,402,504
Expenses:		
Water.....	2,652,420	2,588,202
Sewer.....	3,206,518	3,433,723
Golf course.....	451,260	423,106
Cable Access.....	176,792	171,994
Total expenses.....	6,486,990	6,617,025
Excess (Deficiency) before transfers.....	743,238	(214,521)
Transfers.....	5,915	2,737
Change in net position.....	749,153	(211,784)
Net position, beginning of year.....	32,282,620	32,494,404
Net position, end of year.....	\$ 33,031,773	\$ 32,282,620

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town of Abington's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Abington's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$11.7 million, an increase of \$3.8 million from the prior year. The increase is due to the issuance of \$2.3 million in long-term bonds and their related premiums, a surplus in the general fund of \$570 thousand, a surplus of \$641 thousand due to the timing of the receipt and expenditure of bond proceeds related to the middle/high school project, and a \$2.6 million non-major funds surplus caused by the timing of the expenditure of grant funds versus the receipt of such funds.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$5.2 million, while total fund balance increased by \$570,000 to an ending balance of \$5.8 million. The change is attributable to better than expected budgetary results offset by a decrease in the accrual for 60-day receipts.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.4% of general fund expenditures, while total fund balance represents 9.4% of that same amount.

The middle/high school project fund is being used to account for the construction activities related to the building of a new school behind the current high school. During 2021, \$95 thousand was spent on this project and the Town received \$196 thousand in Massachusetts School Building Authority reimbursements. The school opened its doors in September of 2017. The fund has a surplus of \$1.1 million as of the end of 2021 due to the timing of expenditures related to the receipt of the long-term bond issuance. The Town expects this project to be completed during fiscal year 2022.

There was a \$2.6 million increase in the nonmajor governmental funds during the year, which is primarily attributable to the issuance of \$2.3 million in bonds and their related premiums.

The Town established a Self-Insured Health Trust which is accounted for as an Internal Service Fund. At the end of the current year, the fund balance is \$703 thousand. This is an increase of \$137 thousand from the prior year. This represents essentially a break even for the year as contributions only slightly exceeded claims paid.

General Fund Budgetary Highlights

The original general fund operating budget approved approximately \$56.9 million in appropriations and other financing uses. Town meeting increased the original budget by approximately \$632 thousand during the current year. \$614 thousand has been carried over to 2022 as encumbrances and continuing appropriations.

Capital Asset and Debt Administration

In conjunction with the operating budget, the Town annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

Governmental capital assets at year-end were \$124.9 million, which represents a decrease of \$1.6 million from the prior year, net of depreciation. Major current additions include \$481 thousand for various building projects, \$384 thousand for the purchase of computers and \$956 thousand of various infrastructure additions. Depreciation of \$3.8 million was recorded in 2021.

Enterprise fund capital assets at year-end were valued at \$30.2 million, which represents a decrease of \$1.2 million from the prior year, net of depreciation. The most significant activity during 2021 included \$112 thousand for infrastructure improvements in the water department, \$79 thousand for water equipment and \$53 thousand for infrastructure improvements in the sewer department. Depreciation of \$1.4 million was recorded in 2021.

The Town's debt burden is relatively low when compared to the net balance of capital assets acquired with the debt. Outstanding governmental long-term debt, as of June 30, 2021, was \$41.7 million, of which \$37.5 million was for the new middle/high school project, \$1.8 million is for the police station and \$850 thousand is for the central street bridge reconstruction, and \$1.6 million on other various projects.

The water enterprise fund has \$4.8 million in long-term debt that is fully supported by the rates.

Please refer to footnotes 4, 6, 7, and 8 for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Abington's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, Town Hall, 500 Gliniewicz Way, Abington, Massachusetts 02351.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 13,815,791	\$ 8,516,511	\$ 22,332,302
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	487,318	-	487,318
Tax liens.....	1,193,611	48,702	1,242,313
Community preservation fund surtax.....	8,776	-	8,776
Motor vehicle and other excise taxes.....	387,909	-	387,909
User charges.....	-	2,108,413	2,108,413
Departmental and other.....	763,778	-	763,778
Intergovernmental.....	2,714,154	-	2,714,154
Community preservation state share.....	215,600	-	215,600
Special assessments.....	-	30,886	30,886
Tax foreclosures.....	499,765	-	499,765
Total current assets.....	20,086,702	10,704,512	30,791,214
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Special assessments.....	-	10,295	10,295
Capital assets, nondepreciable.....	7,995,221	1,422,001	9,417,222
Capital assets, net of accumulated depreciation.....	116,928,638	28,722,683	145,651,321
Total noncurrent assets.....	124,923,859	30,154,979	155,078,838
TOTAL ASSETS.....	145,010,561	40,859,491	185,870,052
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	2,136,420	45,609	2,182,029
Deferred outflows related to other postemployment benefits.....	22,337,632	162,139	22,499,771
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	24,474,052	207,748	24,681,800
LIABILITIES			
CURRENT:			
Warrants payable.....	1,411,905	135,714	1,547,619
Accrued payroll.....	624,123	38,984	663,107
Health claims payable.....	479,288	-	479,288
Tax refunds payable.....	61,135	-	61,135
Accrued interest.....	255,899	62,149	318,048
Accrued liabilities.....	936,623	1,686,462	2,623,085
Unearned revenue.....	381,311	-	381,311
Landfill closure.....	34,500	-	34,500
Compensated absences.....	487,668	44,265	531,933
Notes payable.....	626,483	-	626,483
Bonds payable.....	2,700,405	411,437	3,111,842
Total current liabilities.....	7,999,340	2,379,011	10,378,351
NONCURRENT:			
Landfill closure.....	4,219,000	-	4,219,000
Compensated absences.....	1,071,323	34,236	1,105,559
Net pension liability.....	20,619,854	440,199	21,060,053
Net other postemployment benefits liability.....	93,920,483	681,727	94,602,210
Bonds payable.....	40,203,912	4,355,422	44,559,334
Total noncurrent liabilities.....	160,034,572	5,511,584	165,546,156
TOTAL LIABILITIES.....	168,033,912	7,890,595	175,924,507
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	3,097,790	66,132	3,163,922
Deferred inflows related to other postemployment benefits.....	10,847,642	78,739	10,926,381
TOTAL DEFERRED INFLOWS OF RESOURCES.....	13,945,432	144,871	14,090,303
NET POSITION			
Net investment in capital assets.....	84,273,149	25,421,552	109,694,701
Restricted for:			
Permanent funds:			
Expendable.....	91,203	-	91,203
Nonexpendable.....	69,778	-	69,778
Gifts and grants.....	950,871	-	950,871
Community preservation.....	1,365,669	-	1,365,669
Unrestricted.....	(99,245,401)	7,610,221	(91,635,180)
TOTAL NET POSITION.....	\$ (12,494,731)	\$ 33,031,773	\$ 20,537,042

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:						
Governmental Activities:						
General government.....	\$ 3,091,916	\$ 232,516	\$ 343,193	\$ -	\$ (2,516,207)	
Public safety.....	14,462,582	1,816,085	1,164,151	2,500	(11,479,846)	
Education.....	49,166,306	1,058,796	20,301,667	195,873	(27,609,970)	
Public works.....	5,113,482	355,587	600,272	387,759	(3,769,864)	
Health and human services.....	882,916	58,260	291,945	-	(532,711)	
Culture and recreation.....	1,203,500	160,881	98,936	-	(943,683)	
Community preservation.....	30,514	-	-	117,707	87,193	
Interest.....	1,242,735	-	-	-	(1,242,735)	
Total Governmental Activities.....	75,193,951	3,682,125	22,800,164	703,839	(48,007,823)	
Business-Type Activities:						
Water.....	2,652,420	3,409,764	-	-	757,344	
Sewer.....	3,206,518	2,901,840	-	-	(304,678)	
Golf course.....	451,260	650,424	-	-	199,164	
Cable access.....	176,792	268,200	-	-	91,408	
Total Business-Type Activities.....	6,486,990	7,230,228	-	-	743,238	
Total Primary Government.....	\$ 81,680,941	\$ 10,912,353	\$ 22,800,164	\$ 703,839	\$ (47,264,585)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ <u>(48,007,823)</u>	\$ <u>743,238</u>	\$ <u>(47,264,585)</u>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	38,589,370	-	38,589,370
Tax and other liens.....	102,493	-	102,493
Motor vehicle and other excise taxes.....	2,568,195	-	2,568,195
Meals tax.....	335,609	-	335,609
Community preservation tax.....	529,197	-	529,197
Grants and contributions not restricted to specific programs.....	2,336,190	-	2,336,190
Unrestricted investment income.....	99,170	-	99,170
Miscellaneous.....	413,232	-	413,232
<i>Transfers, net</i>	<u>(5,915)</u>	<u>5,915</u>	<u>-</u>
Total general revenues and transfers.....	<u>44,967,541</u>	<u>5,915</u>	<u>44,973,456</u>
Change in net position.....	(3,040,282)	749,153	(2,291,129)
<i>Net position:</i>			
Beginning of year (as revised).....	<u>(9,454,449)</u>	<u>32,282,620</u>	<u>22,828,171</u>
End of year.....	\$ <u><u>(12,494,731)</u></u>	\$ <u><u>33,031,773</u></u>	\$ <u><u>20,537,042</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

	General	Middle/High School Project	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 7,236,956	\$ 540,795	\$ 4,867,507	\$ 12,645,258
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	487,318	-	-	487,318
Tax liens.....	1,193,611	-	-	1,193,611
Community preservation fund surtax.....	-	-	8,776	8,776
Motor vehicle and other excise taxes.....	387,909	-	-	387,909
Departmental and other.....	210,327	-	131,633	341,960
Intergovernmental - other.....	98,211	1,204,369	1,411,574	2,714,154
Community preservation state share.....	-	-	215,600	215,600
Tax foreclosures.....	499,765	-	-	499,765
TOTAL ASSETS.....	\$ 10,114,097	\$ 1,745,164	\$ 6,635,090	\$ 18,494,351
LIABILITIES				
Warrants payable.....	\$ 912,395	\$ -	\$ 499,126	\$ 1,411,521
Accrued payroll.....	553,674	-	70,449	624,123
Tax refunds payable.....	61,135	-	-	61,135
Other liabilities.....	38,127	-	488,899	527,026
Unearned revenue.....	-	-	381,311	381,311
Notes payable.....	-	626,483	-	626,483
TOTAL LIABILITIES.....	1,565,331	626,483	1,439,785	3,631,599
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	2,718,346	-	494,206	3,212,552
FUND BALANCES				
Nonspendable.....	-	-	69,778	69,778
Restricted.....	-	1,118,681	4,646,961	5,765,642
Committed.....	464,531	-	-	464,531
Assigned.....	149,123	-	-	149,123
Unassigned.....	5,216,766	-	(15,640)	5,201,126
TOTAL FUND BALANCES.....	5,830,420	1,118,681	4,701,099	11,650,200
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 10,114,097	\$ 1,745,164	\$ 6,635,090	\$ 18,494,351

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2021

Total governmental fund balances.....	\$ 11,650,200
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	124,923,859
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	3,212,552
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported.....	10,528,620
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	703,082
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(255,899)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(42,904,317)
Net pension liability.....	(20,619,854)
Net other postemployment benefits liability.....	(93,920,483)
Landfill closure.....	(4,253,500)
Compensated absences.....	(1,558,991)
Net effect of reporting long-term liabilities.....	(163,257,145)
Net position of governmental activities.....	\$ <u>(12,494,731)</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2021

	General	Middle/High School Project	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 38,230,900	\$ -	\$ -	\$ 38,230,900
Tax liens.....	288,651	-	-	288,651
Motor vehicle and other excise taxes.....	2,710,099	-	-	2,710,099
Meals tax.....	335,609	-	-	335,609
Intergovernmental - School Building Authority.....	-	195,873	-	195,873
Intergovernmental - Teachers Retirement.....	6,863,516	-	-	6,863,516
Intergovernmental.....	12,514,725	-	6,302,154	18,816,879
Departmental and other.....	2,292,195	-	1,642,146	3,934,341
Community preservation taxes.....	-	-	431,827	431,827
Community preservation state match.....	-	-	117,707	117,707
Contributions and donations.....	-	-	119,912	119,912
Investment income.....	84,935	-	10,217	95,152
Miscellaneous.....	8,473	-	-	8,473
TOTAL REVENUES.....	63,329,103	195,873	8,623,963	72,148,939
EXPENDITURES:				
Current:				
General government.....	2,232,753	-	182,812	2,415,565
Public safety.....	7,522,267	-	1,777,545	9,299,812
Education.....	26,722,236	95,064	4,051,843	30,869,143
Public works.....	2,958,459	-	1,771,250	4,729,709
Health and human services.....	689,885	-	90,450	780,335
Culture and recreation.....	661,065	-	256,518	917,583
Community preservation.....	-	-	170,514	170,514
Pension benefits.....	9,751,587	-	-	9,751,587
Employee benefits.....	6,869,244	-	-	6,869,244
State and county charges.....	959,261	-	-	959,261
Debt service:				
Principal.....	2,335,000	-	-	2,335,000
Interest.....	1,531,244	-	-	1,531,244
TOTAL EXPENDITURES.....	62,233,001	95,064	8,300,932	70,628,997
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,096,102	100,809	323,031	1,519,942
OTHER FINANCING SOURCES (USES):				
Issuance of bonds.....	-	-	2,085,000	2,085,000
Premium from issuance of bonds.....	-	-	162,864	162,864
Transfers in.....	142,880	539,983	276,455	959,318
Transfers out.....	(669,353)	-	(295,880)	(965,233)
TOTAL OTHER FINANCING SOURCES (USES).....	(526,473)	539,983	2,228,439	2,241,949
NET CHANGE IN FUND BALANCES.....	569,629	640,792	2,551,470	3,761,891
FUND BALANCES AT BEGINNING OF YEAR (AS REVISED).....	5,260,791	477,889	2,149,629	7,888,309
FUND BALANCES AT END OF YEAR.....	\$ 5,830,420	\$ 1,118,681	\$ 4,701,099	\$ 11,650,200

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds.....	\$	3,761,891
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	2,181,790	
Depreciation expense.....	<u>(3,773,826)</u>	
Net effect of reporting capital assets.....		(1,592,036)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		6,628
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(2,085,000)	
Premium from issuance of bonds.....	(162,864)	
Amortization of bond premiums.....	297,148	
Debt service principal payments.....	<u>2,335,000</u>	
Net effect of reporting long-term debt.....		384,284
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(15,042)	
Net change in accrued interest on long-term debt.....	(8,640)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(3,838,025)	
Net change in net pension liability.....	3,843,639	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	8,368,570	
Net change in net other postemployment benefits liability.....	(14,114,099)	
Net change in landfill closure.....	<u>25,000</u>	
Net effect of recording long-term liabilities.....		(5,738,597)
The net activity of internal service funds is reported with Governmental Activities.....		<u>137,548</u>
Change in net position of governmental activities.....	\$	<u><u>(3,040,282)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Golf Course	Cable Access	Total	
ASSETS						
CURRENT:						
Cash and cash equivalents.....	\$ 2,894,967	\$ 4,670,662	\$ 832,932	\$ 117,950	\$ 8,516,511	\$ 1,170,533
Receivables, net of allowance for uncollectibles:						
Liens - user charges.....	22,683	26,019	-	-	48,702	-
User charges.....	1,065,733	1,042,680	-	-	2,108,413	-
Departmental and other.....	-	-	-	-	-	421,818
Special assessments.....	-	30,886	-	-	30,886	-
Total current assets.....	3,983,383	5,770,247	832,932	117,950	10,704,512	1,592,351
NONCURRENT:						
Receivables, net of allowance for uncollectibles:						
Special assessments.....	-	10,295	-	-	10,295	-
Capital assets, non depreciable.....	180,366	64,635	1,177,000	-	1,422,001	-
Capital assets, net of accumulated depreciation.....	10,644,727	17,684,630	393,326	-	28,722,683	-
Total noncurrent assets.....	10,825,093	17,759,560	1,570,326	-	30,154,979	-
TOTAL ASSETS.....	14,808,476	23,529,807	2,403,258	117,950	40,859,491	1,592,351
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions.....	-	32,547	13,062	-	45,609	-
Deferred outflows related to other postemployment benefits.....	-	148,251	13,888	-	162,139	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	-	180,798	26,950	-	207,748	-
LIABILITIES						
CURRENT:						
Warrants payable.....	47,091	53,106	8,975	26,542	135,714	384
Accrued payroll.....	-	26,733	12,251	-	38,984	-
Health claims payable.....	-	-	-	-	-	479,288
Accrued interest.....	62,149	-	-	-	62,149	-
Accrued liabilities.....	78,990	1,593,854	13,618	-	1,686,462	409,597
Compensated absences.....	-	30,886	13,379	-	44,265	-
Bonds payable.....	411,437	-	-	-	411,437	-
Total current liabilities.....	599,667	1,704,579	48,223	26,542	2,379,011	889,269
NONCURRENT:						
Compensated absences.....	-	29,068	5,168	-	34,236	-
Net pension liability.....	-	314,127	126,072	-	440,199	-
Net other postemployment benefits liability.....	-	623,332	58,395	-	681,727	-
Bonds payable.....	4,355,422	-	-	-	4,355,422	-
Total noncurrent liabilities.....	4,355,422	966,527	189,635	-	5,511,584	-
TOTAL LIABILITIES.....	4,955,089	2,671,106	237,858	26,542	7,890,595	889,269
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions.....	-	47,192	18,940	-	66,132	-
Deferred inflows related to other postemployment benefits.....	-	71,994	6,745	-	78,739	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	-	119,186	25,685	-	144,871	-
NET POSITION						
Net investment in capital assets.....	6,101,961	17,749,265	1,570,326	-	25,421,552	-
Unrestricted.....	3,751,426	3,171,048	596,339	91,408	7,610,221	703,082
TOTAL NET POSITION.....	\$ 9,853,387	\$ 20,920,313	\$ 2,166,665	\$ 91,408	\$ 33,031,773	\$ 703,082

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Golf Course	Cable Access	Total	
OPERATING REVENUES:						
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,173,290
Employer contributions.....	-	-	-	-	-	5,045,843
Charges for services.....	3,409,764	2,901,840	650,424	268,200	7,230,228	-
TOTAL OPERATING REVENUES	3,409,764	2,901,840	650,424	268,200	7,230,228	7,219,133
OPERATING EXPENSES:						
Cost of services and administration.....	2,046,843	1,752,208	210,492	176,792	4,186,335	-
Salaries and wages.....	8,917	541,712	215,956	-	766,585	-
Depreciation.....	473,021	912,598	24,812	-	1,410,431	-
Employee benefits.....	-	-	-	-	-	7,085,603
TOTAL OPERATING EXPENSES.....	2,528,781	3,206,518	451,260	176,792	6,363,351	7,085,603
OPERATING INCOME (LOSS).....	880,983	(304,678)	199,164	91,408	866,877	133,530
NONOPERATING REVENUES (EXPENSES):						
Investment income.....	-	-	-	-	-	4,018
Interest expense.....	(123,639)	-	-	-	(123,639)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(123,639)	-	-	-	(123,639)	4,018
INCOME (LOSS) BEFORE TRANSFERS.....	757,344	(304,678)	199,164	91,408	743,238	137,548
TRANSFERS:						
Transfers in.....	-	-	5,915	-	5,915	-
CHANGE IN NET POSITION.....	757,344	(304,678)	205,079	91,408	749,153	137,548
NET POSITION AT BEGINNING OF YEAR.....	9,096,043	21,224,991	1,961,586	-	32,282,620	565,534
NET POSITION AT END OF YEAR.....	\$ 9,853,387	\$ 20,920,313	\$ 2,166,665	\$ 91,408	\$ 33,031,773	\$ 703,082

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Golf Course	Cable Access	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users.....	\$ 3,481,247	\$ 2,840,376	\$ 650,424	\$ 268,200	\$ 7,240,247	\$ -
Receipts from interfund services provided.....	-	-	-	-	-	7,124,751
Payments to vendors.....	(2,024,467)	(1,557,329)	(137,058)	(288,659)	(4,007,513)	(6,931,534)
Payments to employees.....	(8,917)	(579,856)	(216,680)	-	(805,453)	-
NET CASH FROM OPERATING ACTIVITIES.....	1,447,863	703,191	296,686	(20,459)	2,427,281	193,217
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in.....	-	-	5,915	-	5,915	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital contributions.....	-	222	-	-	222	-
Acquisition and construction of capital assets.....	(191,120)	(53,480)	(27,000)	-	(271,600)	-
Principal payments on bonds and notes.....	(501,234)	-	-	-	(501,234)	-
Interest expense.....	(128,218)	-	-	-	(128,218)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(820,572)	(53,258)	(27,000)	-	(900,830)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income.....	-	-	-	-	-	4,018
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	627,291	649,933	275,601	(20,459)	1,532,366	197,235
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	2,267,676	4,020,729	557,331	138,409	6,984,145	973,298
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,894,967	\$ 4,670,662	\$ 832,932	\$ 117,950	\$ 8,516,511	\$ 1,170,533
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH						
FROM OPERATING ACTIVITIES:						
Operating income (loss).....	\$ 880,983	\$ (304,678)	\$ 199,164	\$ 91,408	\$ 866,877	\$ 133,530
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	473,021	912,598	24,812	-	1,410,431	-
Deferred (outflows)/inflows related to pensions.....	-	62,029	21,436	-	83,465	-
Deferred (outflows)/inflows related to other postemployment benefits.....	-	(46,775)	(7,143)	-	(53,918)	-
Changes in assets and liabilities:						
Liens - user charges.....	(563)	1,916	-	-	1,353	-
User charges.....	72,046	(63,380)	-	-	8,666	-
Departmental and other.....	-	-	-	-	-	(91,113)
Prepaid expenses.....	-	-	-	-	-	107,443
Warrants payable.....	(36,063)	45,803	(5,001)	(111,867)	(107,128)	(55,288)
Accrued payroll.....	-	2,308	1,873	-	4,181	-
Health claims payable.....	-	-	-	-	-	52,019
Accrued liabilities.....	58,439	306,314	4,840	-	369,593	46,626
Compensated absences.....	-	6,323	4,546	-	10,869	-
Net pension liability.....	-	(88,834)	(6,236)	-	(95,070)	-
Other postemployment benefits.....	-	(130,433)	58,395	-	(72,038)	-
Total adjustments.....	566,880	1,007,869	97,522	(111,867)	1,560,404	59,687
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,447,863	\$ 703,191	\$ 296,686	\$ (20,459)	\$ 2,427,281	\$ 193,217

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents.....	\$ 274,416	\$ 272,449
LIABILITIES		
Warrants payable.....	-	500
NET POSITION		
Restricted for other postemployment benefits.....	274,416	-
Held in trust for other purposes.....	-	271,949
TOTAL NET POSITION.....	\$ 274,416	\$ 271,949

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions for other postemployment benefit payments.... \$	2,362,292	\$ -
Private donations.....	-	144,306
Total contributions.....	2,362,292	144,306
Net investment income:		
Investment income.....	903	524
TOTAL ADDITIONS.....	2,363,195	144,830
DEDUCTIONS:		
Other postemployment benefit payments.....	2,362,292	-
Educational scholarships.....	-	12,950
TOTAL DEDUCTIONS.....	2,362,292	12,950
NET INCREASE (DECREASE) IN NET POSITION.....	903	131,880
NET POSITION AT BEGINNING OF YEAR.....	273,513	140,069
NET POSITION AT END OF YEAR..... \$	274,416	\$ 271,949

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Abington, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Board of Selectmen (Board) and an appointed Town Manager.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that the Town has no component units that require inclusion in these basic financial statements.

Joint Ventures

The Town of Abington and the Town of Rockland are participants in a joint venture to develop and use any source of water supply within the limits of either said Town not already appropriated for purposes of public water supply. The water works project is governed by the water commissioners of each Town. Each Town contributes 50% of the annual costs of the projects. The Town of Abington's share of operating costs for the year ended June 30, 2021, totaled \$1,887,154. The Town has recorded 50% of the fixed assets related to the joint venture. Complete financial statements of the Abington/Rockland Joint Waterworks can be obtained directly from their administrative office located at 96 East Water Street, Rockland MA 02370.

The Town has entered into a joint venture with the Towns of Cohasset, Hanover, Hanson, Norwell, Rockland, Scituate and Whitman to pool resources and share in the costs, risks and rewards associated with providing vocational education through the South Shore Vocational Technical High School District. The Town's assessment for 2021 was \$1,290,113. Complete financial statements can be obtained directly from their administrative office located at 476 Webster Street, Hanover, MA 02339.

B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and sewer, water, golf and cable access enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *middle/high school project fund* is being used to account for the construction of a new school behind the current high school. The school opened its doors in September of 2017.

The nonmajor governmental funds consist of special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *water enterprise fund* is used to account for the Town's water activities.

The *sewer enterprise fund* is used to account for the Town's sewer activities.

The *golf enterprise fund* is used to account for the Town's golf course activities.

The *cable access enterprise fund* is used to account for the Town's cable activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to health insurance.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings. The Town mainly uses this fund to account for educational scholarships. An insignificant portion of the fund is used to account for the Town's cemetery trusts.

The *other postemployment benefits trust fund* was established under special legislation to accumulate resources to provide funding for future OPEB (other postemployment benefits) liabilities.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due 30 days after the official postmark on the bill and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy. Real estate tax liens are processed 60 days after the tax bills are sent and are recorded as receivables in the year they are processed.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

Water and Sewer

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period. Water and Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectible accounts.

Departmental and Other

Departmental and other receivables consist primarily of ambulance charges and are recorded as receivables in the year accrued. The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred, and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible accounts.

G. Inventories***Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

The Water Enterprise Fund may at times purchase meters in advance of their placement into service. The value of such meters is recorded as inventory until they are actually placed into service; they are then transferred to fixed assets and depreciated.

H. Capital Assets*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, buildings and land improvements, historical treasures, construction in progress, machinery and equipment, vehicles and infrastructure (e.g., roads, water mains, sewer mains, and similar items), joint waterworks, textbooks and software, are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities' column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	40
Machinery and equipment.....	5-20
Vehicles.....	5
Infrastructure.....	20-50
Software.....	5
Library & textbooks.....	10

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

I. Deferred Outflows/Inflows of Resources*Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town has reported deferred outflows of resources related to pensions and deferred outflows of resources related to other postemployment benefits in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements, but the revenue is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Interfund Receivables and Payables

During the course of operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

K. Interfund Transfers

During the course of operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Net Position and Fund Equity*Government-Wide Financial Statements (Net position)*

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future drawdowns from the Massachusetts Water Pollution Abatement Trust Loan Program are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

“Permanent funds – nonexpendable” represents the endowment portion of donor restricted trusts.

“Grants and gifts” represent restrictions placed on assets from outside parties.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Town meeting is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. The Board of Selectmen has by resolution authorized the Town Accountant to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s budget. Unlike

commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Sometimes the Town will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the Town’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

N. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from Enterprise Funds is retained in the General Fund.

O. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

P. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

Q. Use of Estimates*Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. Fund Deficits

There is one individual fund deficit within the Special Revenue Funds. This deficit will be funded by grant proceeds.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plymouth County Contributory Retirement System (System) and the Massachusetts Teachers' Retirement System and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town of Abington's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$22,856,409 and the bank balance totaled \$23,156,749. Of the bank balance, \$1,887,014 was covered by Federal Depository Insurance, \$16,062,441 was covered by the Depositor's Insurance Fund (DIF), and \$5,207,294 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2021, the Town's investments consisted solely of its investment with MMDT in the amount of \$22,758. This investment is not rated.

The Town participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk.

Interest Rate Risk

Investments are limited to the MMDT Cash Fund whose assets are managed to maintain a dollar-weighted average portfolio maturity of 90 days or less. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk.

Concentration of Credit Risk

The Town places no limit on the amount the government may invest in any one issuer.

Fair Value Measurement

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a narrative format for the fair value disclosures.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable; Level 3 inputs are significant unobservable inputs.

The Town does not have any investments subject to fair value reporting.

The Town's MMDT investments of \$22,758 are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

NOTE 3 – RECEIVABLES

At June 30, 2021, receivables for the individual major and non-major governmental funds including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 513,523	\$ (26,205)	\$ 487,318
Tax liens.....	1,193,611	-	1,193,611
Motor vehicle and other excise taxes.....	520,433	(132,524)	387,909
Departmental and other.....	857,071	(93,293)	763,778
Intergovernmental.....	2,714,154	-	2,714,154
Community preservation fund surtax.....	8,776	-	8,776
Community preservation state share.....	215,600	-	215,600
Total.....	\$ <u>6,023,168</u>	\$ <u>(252,022)</u>	\$ <u>5,771,146</u>

At June 30, 2021, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 22,683	\$ -	\$ 22,683
Water user charges.....	1,065,733	-	1,065,733
Sewer liens - user charges.....	26,019	-	26,019
Sewer user charges.....	1,042,680	-	1,042,680
Sewer special assessments.....	41,181	-	41,181
Total.....	\$ <u>2,198,296</u>	\$ <u>-</u>	\$ <u>2,198,296</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables and Other Asset Types:</u>			
Real estate and personal property taxes... \$	328,523	\$ -	\$ 328,523
Tax liens.....	1,193,611	-	1,193,611
Community preservation fund.....	-	224,376	224,376
Motor vehicle and other excise taxes.....	387,909	-	387,909
Departmental and other.....	210,327	131,633	341,960
Intergovernmental.....	98,211	138,197	236,408
Tax foreclosures.....	499,765	-	499,765
Total.....	<u>\$ 2,718,346</u>	<u>\$ 494,206</u>	<u>\$ 3,212,552</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 7,995,221	\$ -	\$ -	\$ 7,995,221
<u>Capital assets being depreciated:</u>				
Buildings and land improvements.....	120,192,698	481,384	(1,408,032)	119,266,050
Infrastructure.....	22,503,794	956,455	-	23,460,249
Machinery and equipment.....	6,857,704	603,736	-	7,461,440
Vehicles.....	1,085,907	140,215	-	1,226,122
Library & textbooks.....	1,449,132	-	-	1,449,132
Software.....	251,415	-	-	251,415
Total capital assets being depreciated.....	<u>152,340,650</u>	<u>2,181,790</u>	<u>(1,408,032)</u>	<u>153,114,408</u>
<u>Less accumulated depreciation for:</u>				
Buildings and land improvements.....	(14,891,595)	(2,313,811)	1,408,032	(15,797,374)
Infrastructure.....	(13,394,673)	(573,154)	-	(13,967,827)
Machinery and equipment.....	(4,324,539)	(548,635)	-	(4,873,174)
Vehicles.....	(573,282)	(160,042)	-	(733,324)
Library & textbooks.....	(448,891)	(153,547)	-	(602,438)
Software.....	(186,996)	(24,637)	-	(211,633)
Total accumulated depreciation.....	<u>(33,819,976)</u>	<u>(3,773,826)</u>	<u>1,408,032</u>	<u>(36,185,770)</u>
Total capital assets being depreciated, net.....	<u>118,520,674</u>	<u>(1,592,036)</u>	<u>-</u>	<u>116,928,638</u>
Total governmental activities capital assets, net... \$	<u>126,515,895</u>	<u>\$ (1,592,036)</u>	<u>\$ -</u>	<u>\$ 124,923,859</u>

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 180,366	\$ -	\$ -	\$ 180,366
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	71,717	-	-	71,717
Machinery and equipment.....	1,363,516	79,447	-	1,442,963
Vehicles.....	65,598	-	-	65,598
50% Joint waterworks.....	6,217,715	-	-	6,217,715
Infrastructure.....	12,157,227	111,673	-	12,268,900
Total capital assets being depreciated.....	19,875,773	191,120	-	20,066,893
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(13,548)	(2,891)	-	(16,439)
Machinery and equipment.....	(906,042)	(36,367)	-	(942,409)
Vehicles.....	(9,855)	(3,280)	-	(13,135)
50% Joint Waterworks.....	(1,593,082)	(134,075)	-	(1,727,157)
Infrastructure.....	(6,426,618)	(296,408)	-	(6,723,026)
Total accumulated depreciation.....	(8,949,145)	(473,021)	-	(9,422,166)
Total capital assets being depreciated, net.....	10,926,628	(281,901)	-	10,644,727
Total water activities capital assets, net.....	\$ 11,106,994	\$ (281,901)	\$ -	\$ 10,825,093
Sewer:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 64,635	\$ -	\$ -	\$ 64,635
<u>Capital assets being depreciated:</u>				
Land improvements.....	19,050	-	-	19,050
Buildings and improvements.....	940,900	-	-	940,900
Vehicles.....	166,291	-	-	166,291
Infrastructure.....	41,542,673	53,480	-	41,596,153
Total capital assets being depreciated.....	42,668,914	53,480	-	42,722,394
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(19,050)	-	-	(19,050)
Buildings and improvements.....	(450,210)	(24,441)	-	(474,651)
Vehicles.....	(81,285)	(22,168)	-	(103,453)
Infrastructure.....	(23,574,621)	(865,989)	-	(24,440,610)
Total accumulated depreciation.....	(24,125,166)	(912,598)	-	(25,037,764)
Total capital assets being depreciated, net.....	18,543,748	(859,118)	-	17,684,630
Total sewer activities capital assets, net.....	\$ 18,608,383	\$ (859,118)	\$ -	\$ 17,749,265

	Beginning Balance	Increases	Decreases	Ending Balance
Golf:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,177,000	\$ -	\$ -	\$ 1,177,000
<u>Capital assets being depreciated:</u>				
Land improvements.....	35,000	15,000	-	50,000
Buildings.....	198,967	-	-	198,967
Machinery and equipment.....	417,869	12,000	-	429,869
Total capital assets being depreciated.....	651,836	27,000	-	678,836
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(875)	(1,500)	-	(2,375)
Buildings.....	(120,489)	(4,974)	-	(125,463)
Machinery and equipment.....	(139,334)	(18,338)	-	(157,672)
Total accumulated depreciation.....	(260,698)	(24,812)	-	(285,510)
Total capital assets being depreciated, net.....	391,138	2,188	-	393,326
Total golf activities capital assets, net.....	\$ 1,568,138	\$ 2,188	\$ -	\$ 1,570,326

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government.....	\$ 114,712
Public safety.....	693,740
Education.....	2,189,529
Public works.....	634,961
Health and human services.....	55,701
Culture and recreation.....	85,183
Total depreciation expense - governmental activities.....	\$ 3,773,826

Business-Type Activities:

Water.....	\$ 473,021
Sewer.....	912,598
Golf course.....	24,812
Total depreciation expense - business-type activities.....	\$ 1,410,431

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General Fund	Middle/High School Project Fund	Nonmajor Governmental Funds	Golf Enterprise Fund	
General fund.....	\$ -	\$ 539,983	\$ 123,455	\$ 5,915	\$ 669,353 (1)
Nonmajor governmental funds.....	142,880	-	153,000	-	295,880 (2)
Total.....	\$ 142,880	\$ 539,983	\$ 276,455	\$ 5,915	\$ 965,233

- 1) The General Fund transfers out to the Middle/High School Project Fund and nonmajor governmental funds represent transfers to pay down BAN principal, also a requested finance committee transfer to the golf enterprise fund.
- 2) The nonmajor governmental fund transfers to the General Fund moved CDBG program income and closed out the Building Revolving Fund. An additional transfer was made from the Community Preservation Fund to establish the Affordable Housing Trust Fund.

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term debt is general obligations and carries maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general and enterprise funds.

Details related to the Town's outstanding short-term indebtedness at June 30, 2021, and the debt service requirements follow.

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2020	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2021
Governmental Funds:							
BAN	Municipal Purpose....	1.50%	02/26/21	\$ 953,130	\$ -	\$ (953,130)	\$ -
BAN	Municipal Purpose....	1.41%	05/21/21	539,983	-	(539,983)	-
BAN	Municipal Purpose....	0.47%	05/20/22	-	626,483	-	626,483
Total Governmental Funds.....				\$ 1,493,113	\$ 626,483	\$ (1,493,113)	\$ 626,483

NOTE 8 - LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the outstanding indebtedness at June 30, 2021, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
School Construction.....	2041	\$ 36,000,000	3.58	\$ 28,800,000
Police Station - refunding.....	2027	2,900,000	2.00-5.00	1,725,000
Senior Center - refunding.....	2028	860,000	2.00-5.00	605,000
School Remodeling - refunding.....	2028	955,000	2.00-5.00	670,000
School Construction.....	2040	9,460,000	2.00-4.00	7,800,000
Central Street Bridge Reconstruction.....	2041	850,000	1.75-4.00	850,000
Fire truck, repairs and station feasibility.....	2041	630,500	1.75-4.00	630,500
Ambulance.....	2041	262,000	1.75-4.00	262,000
School Security Upgrades.....	2041	232,500	1.75-4.00	232,500
Police Station Repairs.....	2041	110,000	1.75-4.01	110,000
Total Bonds Payable.....				41,685,000
Add: Unamortized premium on bonds.....				1,219,317
Total Bonds Payable, net.....				\$ 42,904,317

Debt service requirements for principal and interest for Governmental bonds payable in future years are as follows:

Year	Principal	Interest	Total
2022.....	\$ 2,575,000	\$ 1,465,590	\$ 4,040,590
2023.....	2,580,000	1,345,575	3,925,575
2024.....	2,560,000	1,223,125	3,783,125
2025.....	2,540,000	1,118,325	3,658,325
2026.....	2,525,000	1,014,225	3,539,225
2027.....	2,430,000	922,375	3,352,375
2028.....	2,165,000	848,475	3,013,475
2029.....	1,985,000	782,175	2,767,175
2030.....	1,930,000	716,975	2,646,975
2031.....	1,905,000	661,475	2,566,475
2032.....	1,890,000	598,775	2,488,775
2033.....	1,890,000	528,875	2,418,875
2034.....	1,890,000	465,275	2,355,275
2035.....	1,890,000	406,350	2,296,350
2036.....	1,890,000	346,525	2,236,525
2037.....	1,890,000	284,900	2,174,900
2038.....	1,890,000	221,350	2,111,350
2039.....	1,890,000	156,800	2,046,800
2040.....	1,890,000	91,350	1,981,350
2041.....	1,480,000	25,900	1,505,900
Total.....	\$ <u>41,685,000</u>	\$ <u>13,224,415</u>	\$ <u>54,909,415</u>

The Commonwealth has approved school construction assistance. The assistance program, which is administered by the MSBA, is paid to the community to support construction costs and reduce the total debt service of the Town. The Town has been approved for funding by the MSBA for the construction of a new middle/high school totaling \$96.4 million. Through the end of 2021, the Town has recorded capital grant proceeds totaling \$47.3 million from the MSBA which is equal to 58.97% of approved construction costs submitted for reimbursement. As of June 30, 2021, a receivable of \$1.2 million has been reflected in the financial statements.

Bonds Payable Schedule – Water Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
Water Main Bonds	2036	\$ 2,000,000	2.00-4.00	\$ 1,500,000
Water Main Bonds 2018	2038	1,000,000	3.00-5.00	<u>850,000</u>
Subtotal General Obligation Bonds Payable				<u>2,350,000</u>
Water (MCWT) DW-04-17	2026	\$ 380,167	2.00	\$ 101,567
Water (MCWT) DW-06-09	2028	1,970,881	2.00	744,720
Water (MCWT) DW-04-17-A	2029	177,933	2.00	79,524
Water (MCWT) DW-04-17-B	2026	27,391	2.00	9,012
Water (MCWT) DW-06-09-A	2031	1,258,592	2.00	674,189
Water (MCWT) DW-08-25	2031	1,008,302	2.00	554,401
Water (MCWT) DW-08-25	2033	510,745	2.00	<u>253,446</u>
Subtotal Direct Borrowings Payable				<u>2,416,859</u>
Total Bonds Payable, net				<u><u>\$ 4,766,859</u></u>

Debt service requirements for principal and interest for Water Enterprise Fund bonds payable in future years are as follows:

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
2022.....	\$ 150,000	\$ 70,000	\$ 220,000
2023.....	150,000	65,000	215,000
2024.....	150,000	60,000	210,000
2025.....	150,000	55,500	205,500
2026.....	150,000	51,000	201,000
2027.....	150,000	46,500	196,500
2028.....	150,000	42,000	192,000
2029.....	150,000	37,250	187,250
2030.....	150,000	33,500	183,500
2031.....	150,000	29,750	179,750
2032.....	150,000	25,625	175,625
2033.....	150,000	21,500	171,500
2034.....	150,000	17,375	167,375
2035.....	150,000	12,750	162,750
2036.....	150,000	8,063	158,063
2037.....	50,000	3,375	53,375
2038.....	50,000	1,688	51,688
Total.....	\$ 2,350,000	\$ 580,875	\$ 2,930,875

Year	Direct Borrowings:		
	Principal	Interest	Total
2022.....	\$ 261,437	\$ 46,608	\$ 308,045
2023.....	266,743	41,229	307,972
2024.....	272,160	35,741	307,901
2025.....	277,685	30,140	307,825
2026.....	283,322	24,426	307,748
2027.....	265,599	18,830	284,429
2028.....	270,994	13,359	284,353
2029.....	161,342	8,983	170,325
2030.....	153,766	5,835	159,601
2031.....	156,903	2,734	159,637
2032.....	23,202	938	24,140
2033.....	23,706	476	24,182
Total.....	\$ 2,416,859	\$ 229,299	\$ 2,646,158

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2021, the Town had the following authorized and unissued debt:

Purpose	Amount
Memorial Arch.....	\$ 8,832
Landfill Capping.....	95,000
Middle/High School Construction....	48,441,657
Fire Station Feasibility.....	11,425
Ambulance.....	445
Total.....	<u>\$ 48,557,359</u>

Changes in Long-term Liabilities

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 41,935,000	\$ 2,085,000	\$ (2,335,000)	\$ -	\$ -	\$ 41,685,000	\$ 2,575,000
Add: Unamortized premium on bonds.....	1,353,601	-	-	162,864	(297,148)	1,219,317	125,405
Total bonds payable.....	43,288,601	2,085,000	(2,335,000)	162,864	(297,148)	42,904,317	2,700,405
Landfill closure.....	4,278,500	-	-	-	(25,000)	4,253,500	34,500
Compensated absences.....	1,543,950	-	-	455,658	(440,617)	1,558,991	487,668
Net pension liability.....	24,463,493	-	-	-	(3,843,639)	20,619,854	-
Other postemployment benefits.....	79,806,384	-	-	16,350,435	(2,236,336)	93,920,483	-
Total governmental activity long-term liabilities.....	<u>\$ 153,380,928</u>	<u>\$ 2,085,000</u>	<u>\$ (2,335,000)</u>	<u>\$ 16,968,957</u>	<u>\$ (6,842,740)</u>	<u>\$ 163,257,145</u>	<u>\$ 3,222,573</u>
Business-Type Activities:							
Long-term general obligation bonds payable....	\$ 2,595,000	\$ -	\$ (245,000)	\$ -	\$ -	\$ 2,350,000	\$ 150,000
Long-term direct borrowing payable.....	2,673,093	-	(256,234)	-	-	2,416,859	261,437
Total bonds payable.....	5,268,093	-	(501,234)	-	-	4,766,859	411,437
Compensated absences.....	67,632	-	-	49,453	(38,584)	78,501	44,265
Net pension liability.....	535,269	-	-	-	(95,070)	440,199	-
Other postemployment benefits.....	753,765	-	-	53,918	(125,956)	681,727	-
Total business-type activity long-term liabilities.....	<u>\$ 6,624,759</u>	<u>\$ -</u>	<u>\$ (501,234)</u>	<u>\$ 103,371</u>	<u>\$ (259,610)</u>	<u>\$ 5,967,286</u>	<u>\$ 455,702</u>

The General Fund and Enterprise Funds have been used to liquidate any long-term liabilities.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end, the balance of the General Stabilization Fund is \$3,232,651 and is reported as unassigned fund balance within the General Fund.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they

are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints. The Town has classified its fund balances within the following hierarchy of applicable categories:

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

As of June 30, 2021, the governmental fund balances consisted of the fund balances in the following chart:

	General	Middle/ High School Construction	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 69,778	\$ 69,778
Restricted for:				
Middle/high school construction.....	-	1,118,681	-	1,118,681
Revolving and receipts reserved activities.....	-	-	775,596	775,596
Private/local gifts and grants.....	-	-	185,159	185,159
State grant fund.....	-	-	781,352	781,352
Community preservation fund.....	-	-	1,141,293	1,141,293
School lunch.....	-	-	81,753	81,753
Other special revenue.....	-	-	392,548	392,548
Student transportation.....	-	-	63,131	63,131
Other capital projects.....	-	-	1,134,926	1,134,926
Other permanent funds activities.....	-	-	91,203	91,203
Committed to:				
Articles and continuing appropriations:				
General government.....	21,135	-	-	21,135
Public safety.....	72,998	-	-	72,998
Education.....	85,000	-	-	85,000
Public works.....	285,398	-	-	285,398
Assigned to:				
General government.....	13,165	-	-	13,165
Public safety.....	22,758	-	-	22,758
Education.....	103,363	-	-	103,363
Health and human services.....	9,600	-	-	9,600
Culture and recreation.....	237	-	-	237
Unassigned.....	5,216,766	-	(15,640)	5,201,126
Total Fund Balances.....	\$ 5,830,420	\$ 1,118,681	\$ 4,701,099	\$ 11,650,200

NOTE 10 – LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws require the Town to construct a final capping system on its inactive landfill and to perform certain maintenance and monitoring functions at the site after closure. The Town stopped accepting waste and closed the site in accordance with regulations in place at that time. Recently the Town was compelled to provide for the capping and monitoring of its landfill by an administrative consent order issued by the Department of Environmental Protection. The Town completed a study in order to estimate the cost of landfill closure and post closure care costs, which began in 2011. As a result, the estimate of \$4,253,500 has been recorded as a liability in the entity-wide financial statements. Actual costs may be higher due to inflation, changes in technology, or changes in applicable laws or regulations.

NOTE 11 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town is self-insured for its health insurance activities. These activities are accounted for in the General Fund. Health insurance claims are administered in house and are funded on a pay-as-you-go basis from annual appropriations. The estimated future health claims liability is based on history and injury type. At June 30, 2021, the amount of the liability for health insurance claims totaled \$479,288.

Changes in the reported liability since July 1, 2019, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2020..... \$	235,422	\$ 8,627,825	\$ (8,435,978)	\$ 427,269
2021.....	427,269	6,983,553	(6,931,534)	479,288

NOTE 12 - PENSION PLAN*Plan Descriptions*

The Town is a member of the Plymouth County Contributory Retirement System (PCCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 59 member units. The system is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The audited financial report may be obtained by visiting <http://www.pcr-ma.org>.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2020. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$6,863,516 is reported in the general fund as intergovernmental revenue and employee benefits and other fixed charges in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$55,568,585 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

There were no changes in benefit terms that affected the total pension liability at December 31, 2020.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the PCCRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution equaled its actual contribution for the year ended December 31, 2020, was \$2,888,071, 25.84% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The required contribution is payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the required contributions.

Pension Liabilities

At June 30, 2021, the Town reported a liability of \$21,060,053 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2020, the Town's proportion was 3.593%, which decreased from its 3.664% proportion measured at December 31, 2019.

Pension Expense

For the year ended June 30, 2021, the Town recognized pension expense of \$2,870,852. At June 30, 2021, the Town reported deferred outflows of resources related to pensions of \$2,182,029. The Town also reported deferred inflows of resources related to pensions of \$3,163,922.

The balances of deferred outflows and inflows at June 30, 2021, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,755,647	\$	\$ 1,755,647
Difference between projected and actual earnings, net.....		(2,089,804)	(2,089,804)
Changes in assumptions.....	220,225		220,225
Changes in proportion and proportionate share of contributions...	206,157	(1,074,118)	(867,961)
Total deferred outflows/(inflows) of resources.....	\$ <u>2,182,029</u>	\$ <u>(3,163,922)</u>	\$ <u>(981,893)</u>

The deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022.....	\$ 315,500
2023.....	440,183
2024.....	(1,216,807)
2025.....	<u>(520,769)</u>
	\$ <u>(981,893)</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, rolled forward and applied to all periods included in the measurement date of December 31, 2020:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Assets held by the fund are valued at fair value as reported by the Public Employees' Retirement Administration Commission (PERAC). The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Projected salary increases.....	3.75% per year.
Cost of living adjustments.....	3.0% of the first \$16,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 45% of all disabilities are ordinary (55% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Investment rate of return/Discount rate.....	7.875% nominal rate, net of investment expense.
Mortality rates.....	It is assumed that both pre-retirement mortality and beneficiary mortality is represented by the RP-2014 Blue Collar Mortality with Scale MP-2016, fully generational. Mortality for retired members for Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward five years for males and 3 years for females, fully generational. Mortality for retired members for Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward three years for males, and six years for females, fully generational. Mortality for disabled members for Group 1 and 2 is represented by the RP-2000 Mortality Table set forward six years. Mortality for disabled members for Group 4 is represented by the RP-2000 Mortality Table set forward two years. Generational adjusting is based on Scale MP-2016.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board and is pursuant to Massachusetts General Laws and Public Employee Retirement Administration guidelines. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	27.00%	6.80%
International developed equity.....	4.00%	7.10%
Emerging markets equity.....	10.00%	8.10%
Global equity.....	11.00%	7.10%
Core bonds.....	9.00%	1.80%
Value-added fixed income.....	9.00%	4.00%
Hedge funds.....	6.00%	4.30%
Real estate.....	9.00%	6.90%
Private equity.....	8.00%	9.10%
Real assets.....	6.00%	8.10%
Cash.....	1.00%	0.00%
Total.....	<u>100.00%</u>	

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was a loss of 12.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.875%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of (7.875%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.875%) or 1-percentage-point higher (8.875%) than the current rate:

	1% Decrease (6.875%)	Current Discount (7.875%)	1% Increase (8.875%)
The Town's proportionate share of the net pension liability.....	\$ 29,131,365	\$ 21,060,053	\$ 15,364,671

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*Plan Description*

The Town of Abington administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s group health and life insurance plans, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 55-75 percent of the cost of current-year medical premiums for eligible retired plan members and their spouses and 50 percent of medical premiums for surviving spouses. The Town also contributes 50 percent of premiums for life insurance to all eligible retired plan members, their spouses and surviving spouses. Plan members receiving benefits contribute the remaining premium costs. For 2021, the Town contributed \$2,362,292 for current benefits.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund and enabled the Town to raise taxes necessary to begin prefunding its OPEB liabilities. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2021, the balance of this fund totaled \$274,416.

Employees Covered by Benefit Terms

The following table represents the Plan's membership at July 1, 2020:

Active members.....	410
Inactive members currently receiving benefits.....	<u>352</u>
Total.....	<u><u>762</u></u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2021:

Total OPEB liability.....	\$ 94,876,626
Less: OPEB plan's fiduciary net position.....	<u>(274,416)</u>
Net OPEB liability.....	<u><u>\$ 94,602,210</u></u>
The OPEB plan's fiduciary net position	
as a percentage of the total OPEB liability.....	0.29%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2021, to be in accordance with GASB Statement #74 and Statement #75:

Valuation date.....	July 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market value of assets as of the reporting date, June 30, 2021.
Investment rate of return.....	2.50%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Discount rate.....	2.25%, net of OPEB plan investment expense, including inflation.
Inflation rate.....	2.50% as of June 30, 2021 and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2021 and for future periods.

Pre-retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Tables for White Collar Healthy Annuitants projected generationally with scales MP-2016 for males and females.
Disabled mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 0.33%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Currently, the Plan is holding 100% of its trust fund assets in cash, which has an expected return of 0.0%. Therefore, the expected future real rate of return is 2.50%, which is derived by adding 0.0% to inflation of 2.50%. The Town is expected to develop a long-term investment policy in the future.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.25% as of June 30, 2021, and 2.75% at June 30, 2020. The discount rate is a blending of the long-term expected rate of return on OPEB trust fund assets and a yield or index rate using the S&P Municipal Bond 20-Year High Grade Index (2.18% for 2021 and 2.66% for 2020).

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB	Plan	Net OPEB
	Liability	Fiduciary	Liability
	(a)	Net Position	(a) - (b)
Balances at June 30, 2020.....	\$ 80,833,662	\$ 273,513	\$ 80,560,149
Changes for the year:			
Service cost.....	2,976,779	-	2,976,779
Interest.....	2,272,526	-	2,272,526
Differences between expected and actual experience...	(8,793,084)	-	(8,793,084)
Changes in assumptions and other inputs.....	19,949,035	-	19,949,035
Contributions - employer.....	-	2,362,292	(2,362,292)
Net investment income.....	-	903	(903)
Benefit payments.....	(2,362,292)	(2,362,292)	-
Net change.....	14,042,964	903	14,042,061
Balance at June 30, 2021.....	\$ 94,876,626	\$ 274,416	\$ 94,602,210

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 2.25%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate.

	1% Decrease	Current	1% Increase
	(1.25%)	Discount Rate	(3.25%)
		(2.25%)	
Net OPEB liability.....	\$ 114,380,497	\$ 94,602,210	\$ 79,448,342

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability.....	\$ 77,908,275	\$ 94,602,210	\$ 116,640,285

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$5,619,573. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (10,926,381)	\$ (10,926,381)
Difference between projected and actual earnings, net.....	9,129	-	9,129
Changes in assumptions.....	<u>22,490,642</u>	<u>-</u>	<u>22,490,642</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>22,499,771</u>	\$ <u>(10,926,381)</u>	\$ <u>11,573,390</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2022.....	\$ 2,739,396
2023.....	2,738,525
2024.....	2,285,511
2025.....	1,813,242
2026.....	1,831,847
Thereafter.....	<u>164,869</u>
Total.....	\$ <u>11,573,390</u>

Changes of Assumptions

- The discount rate decreased from 2.75% to 2.25%.
- The assumption for morbidity or age-related costs of medical care has been updated.
- The Getzen model has been adopted for future projected healthcare costs.

Changes in Plan Provisions

None.

NOTE 14 - COMMITMENTS

The Town has entered into, or is planning to enter into, contracts totaling approximately \$48.6 million for various governmental projects. These projects will be funded in future years through the issuance of long-term debt.

NOTE 15 - CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2021, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, will be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

NOTE 16 – SOUTHFIELD REDEVELOPMENT AUTHORITY

On August 14, 1998, Chapter 301 of the Acts of 1998 was enacted that established the South Shore Tri-Town Development Corporation (SSTTDC), a joint venture between the Towns of Abington, Weymouth, and Rockland. The purpose of the SSTTDC is to develop the land previously known as the South Weymouth Naval Air Base and occupied by the United States Navy. In the future, the Town may pledge its full faith and credit to back certain long-term financing of the SSTTDC. The Corporation was reestablished in August 2014 as the Southfield Redevelopment Authority to reinforce municipal control over land-use and development decisions affecting each of the three member communities.

NOTE 17 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

As a result of the pandemic, a number of businesses were forced to stop or significantly reduce operations which decreased certain Town revenues. In addition, the Town incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020 and ends on December 30, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to the CARES Act, on March 11, 2021, the United States Federal Government established the American Rescue Plan (ARP) Act to enhance the United States' recover from the economic and health effects of the COVID-19 pandemic. This Act requires that the payment from these funds be used to cover costs related to; public health; negative economic impacts; services to disproportionately impacted communities; premium pay; infrastructure; revenue replacement; or administration. These funds can only be used to cover costs incurred between March 3, 2021, and December 31, 2024. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to funding from the CARES Act and the ARP Act, there are several other federal and state grants available to Massachusetts communities to fund these unanticipated costs. However, the full extent of the financial impact from the pandemic cannot be determined as of the date of the financial statements.

NOTE 18 – REVISION OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of the governmental activities and fund balance in the nonmajor governmental funds have been revised to reflect the implementation of GASB Statement #84, *Fiduciary Activities*, and the change in major funds reported under GASB Statement #34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. The revised balances are summarized in the table below:

	6/30/2020 Previously Reported Balances	Implementation of GASB #84	Reclassify Other Capital Projects to Nonmajor Funds	6/30/2020 Revised Balances
Government-Wide Financial Statements				
Governmental activities.....	\$ (9,669,947)	\$ 215,498	\$ -	\$ (9,454,449)
Governmental Funds				
Nonmajor governmental funds.....	\$ 3,026,110	\$ 58,517	\$ (934,998)	\$ 2,149,629
Other capital projects fund.....	(934,998)	-	934,998	-
Total.....	\$ 2,091,112	\$ 58,517	\$ -	\$ 2,149,629

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 17, 2022, which is the date the financial statements were available to be issued.

NOTE 20 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

- GASB Statement #84, *Fiduciary Activities*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*. This pronouncement did not impact the basic financial statements.

- GASB Statement #98, *The Annual Comprehensive Financial Report*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which is required to be implemented in 2022.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Actual	Amounts	Variance
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Budgetary Amounts	Carried Forward To Next Year	to Final Budget
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 37,761,512	\$ 37,761,512	\$ 38,390,499	\$ 38,491,727	\$ -	\$ 101,228
Tax liens.....	-	-	-	-	288,651	-	288,651
Motor vehicle and other excise taxes.....	-	2,505,476	2,505,476	2,505,476	2,710,099	-	204,623
Meals tax.....	-	320,000	320,000	320,000	335,609	-	15,609
Intergovernmental.....	-	12,582,879	12,582,879	12,582,879	12,514,725	-	(68,154)
Departmental and other.....	-	1,922,000	1,922,000	1,922,000	2,292,195	-	370,195
Investment income.....	-	115,000	115,000	115,000	74,113	-	(40,887)
TOTAL REVENUES.....	-	55,206,867	55,206,867	55,835,854	56,715,592	-	879,738
EXPENDITURES:							
GENERAL GOVERNMENT:							
TOWN MEETING							
Salaries.....	-	2,999	2,999	2,999	2,122	-	877
SELECTMEN							
Salaries.....	-	179,920	179,920	183,930	183,928	-	2
Expenses.....	113,508	182,850	296,358	271,723	202,613	21,135	47,975
TOTAL.....	113,508	362,770	476,278	455,653	386,541	21,135	47,977
FINANCE COMMITTEE							
Salaries.....	-	2,600	2,600	2,600	1,782	-	818
Expenses.....	-	600	600	600	278	-	322
TOTAL.....	-	3,200	3,200	3,200	2,060	-	1,140
RESERVE FUND							
Reserve Fund.....	-	149,000	149,000	-	-	-	-
ACCOUNTING							
Salaries.....	-	188,111	188,111	216,554	207,652	10,275	(1,373)
Expenses.....	-	19,840	19,840	16,397	16,397	-	-
TOTAL.....	-	207,951	207,951	232,951	224,049	10,275	(1,373)
ASSESSORS							
Salaries.....	-	156,535	156,535	160,750	160,747	-	3
Expenses.....	26,300	39,770	66,070	57,350	46,725	-	10,625
TOTAL.....	26,300	196,305	222,605	218,100	207,472	-	10,628
TREASURER-COLLECTOR							
Salaries.....	-	210,035	210,035	210,035	210,048	-	(13)
Expenses.....	3,524	66,959	70,483	70,483	68,172	198	2,113
TOTAL.....	3,524	276,994	280,518	280,518	278,220	198	2,100
TOWN COUNSEL							
Expenses.....	3,900	100,000	103,900	143,345	143,341	-	4
DATA PROCESSING							
Salaries.....	-	82,928	82,928	86,928	86,859	-	69
Expenses.....	-	126,759	126,759	127,979	124,040	1,418	2,521
TOTAL.....	-	209,687	209,687	214,907	210,899	1,418	2,590
TAX TITLE							
Expenses.....	2,430	50,000	52,430	47,210	44,856	535	1,819
TOWN CLERK							
Salaries.....	-	129,549	129,549	129,549	128,091	-	1,458
Expenses.....	-	10,728	10,728	10,728	7,990	-	2,738
TOTAL.....	-	140,277	140,277	140,277	136,081	-	4,196
ELECTIONS AND REGISTRATIONS							
Salaries.....	-	27,250	27,250	45,370	45,362	-	8
Expenses.....	-	11,895	11,895	11,895	4,793	-	7,102
TOTAL.....	-	39,145	39,145	57,265	50,155	-	7,110
CONSERVATION COMMISSION							
Salaries.....	-	8,150	8,150	8,150	7,674	-	476
REGISTRARS							
Expenses.....	-	6,500	6,500	10,700	10,694	-	6
PLANNING BOARD							
Salaries.....	-	30,695	30,695	30,695	30,594	-	101
Expenses.....	14,000	3,100	17,100	37,100	2,399	-	34,701
TOTAL.....	14,000	33,795	47,795	67,795	32,993	-	34,802
ZONING BOARD OF APPEALS							
Salaries.....	-	24,225	24,225	24,225	24,225	-	-
Expenses.....	-	200	200	200	-	-	200
TOTAL.....	-	24,425	24,425	24,425	24,225	-	200

See notes to required supplementary information.

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts						
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
BUILDING DEPARTMENT							
Salaries.....	-	14,200	14,200	14,200	14,200	-	-
Expenses.....	-	510,000	510,000	470,555	440,199	-	30,356
TOTAL.....	-	524,200	524,200	484,755	454,399	-	30,356
TOWN REPORTS							
Expenses.....	-	6,500	6,500	6,500	4,739	740	1,021
NORTH RIVER COLLABORATIVE							
North River Collaborative.....	-	15,000	15,000	15,000	12,236	-	2,764
ADA COMMITTEE							
Expenses.....	-	150	150	150	-	-	150
Total General Government.....	163,662	2,357,048	2,520,710	2,413,900	2,232,756	34,301	146,843
PUBLIC SAFETY							
POLICE DEPARTMENT							
Salaries.....	-	3,235,816	3,235,816	3,192,645	3,124,645	68,000	-
Expenses.....	1,096	440,870	441,966	457,952	355,784	17,372	84,796
TOTAL.....	1,096	3,676,686	3,677,782	3,650,597	3,480,429	85,372	84,796
FIRE DEPARTMENT							
Salaries.....	-	3,323,914	3,323,914	3,280,011	3,264,194	4,155	11,662
Expenses.....	-	558,799	558,799	657,261	615,518	4,998	36,745
TOTAL.....	-	3,882,713	3,882,713	3,937,272	3,879,712	9,153	48,407
BUILDING INSPECTOR							
Salaries.....	-	130,365	130,365	141,315	141,315	-	-
Expenses.....	-	15,880	15,880	15,880	10,939	-	4,941
TOTAL.....	-	146,245	146,245	157,195	152,254	-	4,941
SEALER OF WEIGHTS & MEASURES							
Salaries.....	-	5,100	5,100	5,100	5,100	-	-
Expenses.....	-	3,500	3,500	3,500	1,772	1,231	497
TOTAL.....	-	8,600	8,600	8,600	6,872	1,231	497
CIVIL DEFENSE							
Expenses.....	-	3,000	3,000	3,000	3,000	-	-
Total Public Safety.....	1,096	7,717,244	7,718,340	7,756,664	7,522,267	95,756	138,641
EDUCATION							
SCHOOL DEPARTMENT							
Salaries/Expenses/Capital.....	170,170	25,052,598	25,222,768	25,639,255	25,432,123	188,363	18,769
South Shore Regional Assessment.....	-	1,290,113	1,290,113	1,290,113	1,290,113	-	-
Total Education.....	170,170	26,342,711	26,512,881	26,929,368	26,722,236	188,363	18,769
PUBLIC WORKS							
HIGHWAY DEPARTMENT							
Salaries.....	-	655,762	655,762	655,762	655,758	-	4
Expenses.....	65,793	488,895	554,688	718,619	437,869	277,278	3,472
TOTAL.....	65,793	1,144,657	1,210,450	1,374,381	1,093,627	277,278	3,476
HIGHWAY-SNOW							
Salaries.....	-	40,000	40,000	92,307	92,307	-	-
Expenses.....	-	60,000	60,000	396,903	396,902	-	1
TOTAL.....	-	100,000	100,000	489,210	489,209	-	1
CARE OF VETERAN'S LOTS							
Expenses.....	98	600	698	698	698	-	-
BOARD OF HEALTH-WASTE COLLECTION							
Salaries.....	-	20,695	20,695	39,505	39,501	-	4
Expenses.....	-	1,384,200	1,384,200	1,376,190	1,335,424	8,120	32,646
TOTAL.....	-	1,404,895	1,404,895	1,415,695	1,374,925	8,120	32,650
Total Public Works.....	65,891	2,650,152	2,716,043	3,279,984	2,958,459	285,398	36,127
HUMAN SERVICES							
BOARD OF HEALTH-OPERATING							
Salaries.....	-	117,736	117,736	158,136	158,135	-	1
Expenses.....	-	9,165	9,165	9,365	9,356	-	9
TOTAL.....	-	126,901	126,901	167,501	167,491	-	10
BOARD OF HEALTH-PUBLIC HEALTH NURSE							
Expenses.....	505	45,000	45,505	4,905	4,382	-	523
COUNCIL ON AGING							
Salaries.....	-	137,975	137,975	137,975	130,374	-	7,601
Expenses.....	52,000	75,556	127,556	167,156	149,278	9,600	8,278
TOTAL.....	52,000	213,531	265,531	305,131	279,652	9,600	15,879

See notes to required supplementary information.

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts						
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
VETERANS SERVICES							
Salaries.....	-	73,743	73,743	88,393	88,350	-	43
Expenses.....	-	175,000	175,000	165,590	150,010	-	15,580
TOTAL.....	-	248,743	248,743	253,983	238,360	-	15,623
Total Human Services.....	52,505	634,175	686,680	731,520	689,885	9,600	32,035
CULTURE AND RECREATION							
LIBRARY							
Salaries.....	-	356,719	356,719	356,719	351,581	-	5,138
Expenses.....	-	160,112	160,112	160,112	141,619	236	18,257
TOTAL.....	-	516,831	516,831	516,831	493,200	236	23,395
PARK & RECREATION							
Salaries.....	-	99,516	99,516	99,516	99,513	-	3
Expenses.....	-	64,053	64,053	64,053	63,213	-	840
TOTAL.....	-	163,569	163,569	163,569	162,726	-	843
HISTORICAL COMMISSION							
Other Charges & Expenses.....	-	300	300	300	-	-	300
PUBLIC CELEBRATIONS							
Memorial/Veteran's Day.....	-	5,200	5,200	5,200	5,139	-	61
Total Culture and Recreation.....	-	685,900	685,900	685,900	661,065	236	24,599
DEBT AND INTEREST							
Debt Principal.....	-	2,987,438	2,987,438	2,335,000	2,335,000	-	-
Debt Interest.....	-	1,533,719	1,533,719	1,533,719	1,531,244	-	2,475
TOTAL.....	-	4,521,157	4,521,157	3,868,719	3,866,244	-	2,475
RETIREMENT							
Retirement.....	-	2,884,400	2,884,400	2,888,075	2,888,071	-	4
UNEMPLOYMENT							
Unemployment.....	-	70,000	70,000	66,325	28,118	-	38,207
HEALTH INSURANCE							
Health Insurance.....	62	6,417,021	6,417,083	6,077,285	6,077,285	-	-
LIFE INSURANCE							
Life Insurance.....	-	11,400	11,400	11,400	10,381	-	1,019
MEDICARE							
Medicare.....	-	400,850	400,850	415,910	415,907	-	3
WORKERS COMPENSATION & DEFERRED COMPENSATION							
Workers Compensation & Deferred Compensation.....	-	848,157	848,157	831,687	781,427	-	50,260
SOUTHFIELD ASSESSMENT							
Southfield Assessment.....	3,044	5,000	8,044	8,044	516	-	7,528
STATE AND COUNTY CHARGES							
State & County.....	-	883,421	883,421	883,421	958,745	-	(75,324)
Total Other.....	3,106	16,041,406	16,044,512	15,050,866	15,026,694	-	24,172
TOTAL EXPENDITURES.....	456,430	56,428,636	56,885,066	56,848,202	55,813,362	613,654	421,186
OVER (UNDER) EXPENDITURES.....	(456,430)	(1,221,769)	(1,678,199)	(1,012,348)	902,230	(613,654)	1,300,924
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	531,229	531,229	521,874	586,754	-	64,880
Transfers out.....	-	-	-	(669,353)	(669,353)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	531,229	531,229	(147,479)	(82,599)	-	64,880
NET CHANGE IN FUND BALANCE.....	(456,430)	(690,540)	(1,146,970)	(1,159,827)	819,631	(613,654)	1,365,804
BUDGETARY FUND BALANCE, Beginning of year.....	-	1,680,477	1,680,477	1,680,477	1,680,477	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (456,430)	\$ 989,937	\$ 533,507	\$ 520,650	\$ 2,500,108	\$ (613,654)	\$ 1,365,804

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- payroll	Net pension liability as a percentage of covered- payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2020.....	3.59%	\$ 21,060,053	\$ 10,957,546	192.20%	67.90%
December 31, 2019.....	3.66%	24,998,762	11,560,361	216.25%	61.61%
December 31, 2018.....	3.60%	26,505,663	9,922,438	267.13%	56.11%
December 31, 2017.....	3.63%	19,513,320	9,696,930	201.23%	65.56%
December 31, 2016.....	3.65%	23,110,375	9,323,971	247.86%	58.32%
December 31, 2015.....	3.66%	23,236,595	9,297,874	249.91%	56.80%
December 31, 2014.....	3.66%	21,356,412	8,961,806	238.30%	58.90%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
PLYMOUTH COUNTY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- payroll	Contributions as a percentage of covered- payroll
June 30, 2021.....	\$ 2,888,071	\$ (2,888,071)	\$ -	\$ 11,176,697	25.84%
June 30, 2020.....	2,492,984	(2,492,984)	-	11,791,568	21.14%
June 30, 2019.....	2,620,527	(2,620,527)	-	10,120,887	25.89%
June 30, 2018.....	2,479,907	(2,479,907)	-	9,890,869	25.07%
June 30, 2017.....	2,393,438	(2,393,438)	-	9,510,450	25.17%
June 30, 2016.....	2,386,676	(2,340,302)	46,374	9,483,831	24.68%
June 30, 2015.....	2,208,964	(2,208,964)	-	9,141,042	24.17%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2021.....	\$ 55,568,585	\$ 6,863,516	50.67%
2020.....	49,456,690	5,997,482	53.95%
2019.....	44,490,485	4,508,466	54.84%
2018.....	42,526,193	4,438,583	54.25%
2017.....	41,172,867	4,199,902	52.73%
2016.....	37,551,916	3,045,795	55.38%
2015.....	29,480,494	2,048,151	61.64%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability					
Service Cost.....	\$ 1,734,495	\$ 1,750,617	\$ 2,770,425	\$ 2,855,722	\$ 2,976,779
Interest.....	2,186,131	2,423,628	1,982,453	2,199,008	2,272,526
Differences between expected and actual experience....	-	-	(6,446,100)	(994,800)	(8,793,084)
Changes of assumptions.....	-	(297,636)	11,646,562	784,718	19,949,035
Benefit payments.....	(1,914,269)	(1,999,239)	(2,105,288)	(2,223,318)	(2,362,292)
Net change in total OPEB liability.....	2,006,357	1,877,370	7,848,052	2,621,330	14,042,964
Total OPEB liability - beginning.....	66,480,553	68,486,910	70,364,280	78,212,332	80,833,662
Total OPEB liability - ending (a).....	\$ 68,486,910	\$ 70,364,280	\$ 78,212,332	\$ 80,833,662	\$ 94,876,626
Plan fiduciary net position					
Employer contributions.....	\$ 40,000	\$ -	\$ 80,000	\$ -	\$ -
Employer contributions for OPEB payments.....	1,914,269	1,999,239	2,105,288	2,223,318	2,362,292
Net investment income.....	218	954	2,270	3,551	903
Benefit payments.....	(1,914,269)	(1,999,239)	(2,105,288)	(2,223,318)	(2,362,292)
Net change in plan fiduciary net position.....	40,218	954	82,270	3,551	903
Plan fiduciary net position - beginning of year.....	146,520	186,738	187,692	269,962	273,513
Plan fiduciary net position - end of year (b).....	\$ 186,738	\$ 187,692	\$ 269,962	\$ 273,513	\$ 274,416
Net OPEB liability - ending (a)-(b).....	\$ 68,300,172	\$ 70,176,588	\$ 77,942,370	\$ 80,560,149	\$ 94,602,210
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.27%	0.27%	0.35%	0.34%	0.29%
Covered-employee payroll.....	\$ 25,150,935	\$ 25,905,463	\$ 26,836,217	\$ 27,641,304	\$ 28,249,750
Net OPEB liability as a percentage of covered-employee payroll.....	271.56%	270.89%	290.44%	291.45%	334.88%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2021.....	\$ 5,807,453	\$ (2,362,292)	\$ 3,445,161	\$ 28,249,750	8.36%
June 30, 2020.....	6,727,660	(2,223,318)	4,504,342	27,641,304	8.04%
June 30, 2019.....	6,516,545	(2,185,288)	4,331,257	26,836,217	8.14%
June 30, 2018.....	5,338,609	(1,999,239)	3,339,370	25,905,463	7.72%
June 30, 2017.....	5,119,087	(1,954,269)	3,164,818	25,150,935	7.77%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2021.....	0.33%
June 30, 2020.....	1.32%
June 30, 2019.....	1.00%
June 30, 2018.....	0.51%
June 30, 2017.....	0.15%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYBudgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the Open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Town, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget requires majority vote at a Special Town Meeting.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final claims and judgments may exceed the level of spending authorized by majority vote at a Special Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2021 approved budget authorized approximately \$56.9 million in appropriations and other amounts to be raised. During 2021, the Town approved supplemental appropriations totaling approximately \$632,000.

The Town Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2021, is presented below:

Net change in fund balance - budgetary basis.....	\$	819,631
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		10,822
<u>Basis of accounting differences:</u>		
Net change in recording 60 day receipts.....		(260,824)
Recognition of revenue for on-behalf payments.....		6,863,516
Recognition of expenditures for on-behalf payments.....		(6,863,516)
Net change in fund balance - GAAP basis.....	\$	<u>569,629</u>

Appropriation Deficits

During 2021, expenditures exceeded budgeted appropriations for accounting salaries, Treasurer-Collector salaries, and state and county charges. These deficits will be funded in 2022 through tax levy and other available funds.

NOTE B – PENSION PLANSchedule of the Town's Proportionate Share of the Net Pension Liability

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the Town's allocated percentage of the net pension liability (asset), the Town's proportionate share of the net pension liability, and the Town's covered employee payroll. It also demonstrates the Town's net position as a percentage of the Town's pension liability and the Town's net pension liability as a percentage of the Town's covered payroll.

Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The Town's appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The Town's appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual Town contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the Town based on covered payroll.

Schedule of the Special Funding Amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

Changes in Assumptions

None.

Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town's health and life insurance plans, which covers both active and retired members, including teachers.

The Other Postemployment Benefit Plan

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	July 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market value of assets as of the reporting date, June 30, 2021.
Investment rate of return.....	2.50%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Discount rate.....	2.25%, net of OPEB plan investment expense, including inflation.
Inflation rate.....	2.50% as of June 30, 2021 and for future periods.
Projected salary increases.....	3.00% annually as of June 30, 2021 and for future periods.
Pre-retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.

Post-retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Tables for White Collar Healthy Annuitants projected generationally with scales MP-2016 for males and females.
Disabled mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

Changes of Assumptions

- The discount rate decreased from 2.75% to 2.25%.
- The assumption for morbidity or age-related costs of medical care has been updated.
- The Getzen model has been adopted for future projected healthcare costs.

Changes in Plan Provisions

None.

TOWN OF ABINGTON, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

YEAR ENDED JUNE 30, 2021

TOWN OF ABINGTON, MASSACHUSETTS
REPORTS ON FEDERAL AWARD PROGRAMS
YEAR ENDED JUNE 30, 2021

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Abington, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abington, Massachusetts, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Abington, Massachusetts' basic financial statements, and have issued our report thereon dated February 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Abington, Massachusetts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Abington, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Abington, Massachusetts' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Abington, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Powers & Sullivan, LLC". The signature is written in a cursive, flowing style.

February 17, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Honorable Board of Selectmen
Town of Abington, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited the Town of Abington, Massachusetts' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Town of Abington, Massachusetts' major federal programs for the year ended June 30, 2021. The Town of Abington, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Abington, Massachusetts' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Abington, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Abington, Massachusetts' compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Abington, Massachusetts complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Abington, Massachusetts, is responsible for establishing and maintaining effective

internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Abington, Massachusetts' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Abington, Massachusetts' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abington, Massachusetts as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Abington, Massachusetts's basic financial statements. We issued our report thereon dated February 17, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Powers & Sullivan, LLC

February 17, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amount Passed Through to Sub-Recipients	Expenditures
CHILD NUTRITION CLUSTER:				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	12-001	\$ -	\$ 44,612
Cash Assistance:				
National School Lunch Program.....	10.555	12-001	-	365,583
COVID 19 - National School Lunch Program.....	10.555	12-001	-	13,386
Total National School Lunch Program.....			-	423,581
Cash Assistance:				
School Breakfast Program.....	10.553	12-001	-	94,811
COVID 19 - School Breakfast Program.....	10.553	12-001	-	1,304
Total School Breakfast Program.....			-	96,115
TOTAL CHILD NUTRITION CLUSTER.....			-	519,696
SPECIAL EDUCATION CLUSTER:				
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Special Education Grants to States (IDEA, Part B).....	84.027	240-397339-2021-0001	-	596,474
Special Education Grants to States (IDEA, Part B).....	84.027	274-485871-2021-0001	-	15,263
Total Special Education Grants to States (IDEA, Part B).....			-	611,737
Special Education Preschool Grants (IDEA, Preschool).....	84.173	262-397340-2021-0001	-	10,416
Special Education Preschool Grants (IDEA, Preschool).....	84.173	298-485634-2021-0001	-	2,666
Total Special Education Preschool Grants (IDEA, Preschool).....			-	13,082
TOTAL SPECIAL EDUCATION CLUSTER.....			-	624,819
HIGHWAY SAFETY CLUSTER:				
U.S. DEPARTMENT OF TRANSPORTATION:				
<u>Passed through Highway Safety Bureau:</u>				
State and Community Highway Safety.....	20.600	PD OT ENF	-	5,654
National Priority Safety Programs.....	20.616	PD OT ENF	-	5,899
TOTAL HIGHWAY SAFETY CLUSTER.....			-	11,553
DIRECT PROGRAMS:				
U.S. DEPARTMENT OF JUSTICE:				
<u>Direct Program:</u>				
Bulletproof Vest Partnership Program.....	16.607	N/A	-	4,475
PASS-THROUGH PROGRAMS:				
U.S. DEPARTMENT OF JUSTICE:				
<u>Passed through Massachusetts Executive Office of Public Safety and Security:</u>				
Edward Byrne Memorial Justice Assistance Grant Program.....	16.738	BJAG17 SFY2021	-	9,889
U.S. DEPARTMENT OF TREASURY:				
<u>Passed through Executive Office of Administration and Finance:</u>				
COVID-19 - Coronavirus Relief Fund.....	21.019	COVID19 001	-	2,134,622
<u>Passed through the Massachusetts Department of Elementary and Secondary Education:</u>				
COVID-19 - Coronavirus Relief Fund.....	21.019	12-001	-	5,645
TOTAL COVID-19 - CORONAVIRUS RELIEF FUND.....			-	2,140,267
<u>Passed through Executive Office of Administration and Finance:</u>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds.....	21.027	ARPAFUNDS0001	-	507,229
TOTAL TREASURY.....			-	2,647,496
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
<u>Secondary Education:</u>				
Title I Grants to Local Educational Agencies.....	84.010	305-397341-2021-0001	-	175,960
English Language Acquisition State Grants.....	84.365	180-397338-2021-0001	-	22,768
Supporting Effective Instruction State Grants.....	84.367	140-397302-2021-0001	-	36,858
Student Support and Academic Enrichment Program.....	84.424	309-397342-2021-0001	-	14,528
COVID-19 - Education Stabilization Fund.....	84.425D	113-397296-2021-0001	-	125,394
TOTAL EDUCATION.....			-	375,508
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed through Massachusetts Emergency Management Agency:</u>				
Emergency Management Performance Grants.....	97.042	EMPG ABINGTON	-	4,600
TOTAL.....			\$ -	\$ 4,198,036

See notes to schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Abington, Massachusetts under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Abington, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Abington, Massachusetts.

Note 2 – Summary of Significant Accounting Policies

The accounting and reporting policies of the Town of Abington, Massachusetts are set forth below:

- a) Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Accordingly, expenditures are recognized when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Cash Assistance – School Breakfast and Lunch Program – Program expenditures represent federal reimbursement for meals provided during the year.
- c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- d) Disaster grants have been recorded the year the reimbursement was received.
- e) The Town of Abington, Massachusetts has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Abington, Massachusetts.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Abington, Massachusetts, were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Report On Compliance For Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Town of Abington, Massachusetts, expresses an unmodified opinion on all major federal award programs.
6. There were no audit findings relative to the major federal award programs for the Town of Abington, Massachusetts.
7. The program tested as a major grant is the Coronavirus Relief Fund.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Abington, Massachusetts was determined to be a low-risk auditee.

B. Findings-Financial Statements Audit

None

C. Findings and Questioned Costs – Major Federal Award Program Audit

None

D. Summary Schedule of Prior Audit Findings

None

TOWN OF ABINGTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2021



Powers & Sullivan, LLC
CPAs AND ADVISORS

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To the Honorable Board of Selectmen
Town of Abington, Massachusetts:

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abington, Massachusetts, as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management of the Town of Abington, Massachusetts, and is not intended to be and should not be used by anyone other than these specified parties.

Powers & Sullivan, LLC

February 17, 2022

TOWN OF ABINGTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2021

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Prior Year Comments and Recommendations

AUDIT OF STUDENT ACTIVITY FUNDS

Prior Year Comment

Massachusetts General Law (MGL), Chapter 71, Section 47 requires annual audits of student activity accounts in accordance with guidelines issued by the Department of Elementary and Secondary Education (DESE). These guidelines have recently been updated in a document published by the Massachusetts Department of Elementary and Secondary Education (DESE) entitled "Agreed-Upon Procedures and Audit Guidelines: Student Activity Funds". This can be found on the DESE's website on the following link:

<http://www.doe.mass.edu/finance/accounting/AuditGuidelines.pdf>.

The audit may be conducted by external audit firms or internally by personnel not associated with student activity accounts, if so, approved by the School Committee. If an internal audit is conducted, an audit report should be produced that includes the audit procedures performed and the results of the procedures. If the audit results in findings a written corrective action plan should be completed. The audit report should be distributed to the Superintendent, the School Committee and the independent auditor to review.

Current Status

The School has scheduled the student activity audit with the expectation that this will be completed by the end of FY22.

OTHER POSTEMPLOYMENT BENEFITS TRUST

Prior Year Comment

The Town established an Other Postemployments Benefits Trust (OPEB Trust) during 2013. Since that time the Town has been working to develop a funding plan for yearly contributions to the Trust to help mitigate future liabilities associated with Other Postemployment Benefits.

Although the Town's investment tolerance is one of low risk and safety of principal first and foremost, the Treasurer should examine the use of investments that are of lower risk tolerance but that will help the Town to generate greater investment returns for the OPEB Trust.

Current Status

The Town has approximately \$274,000 in the OPEB Trust. Currently, the balance is maintained in cash.

Continuing Recommendation

We continue to recommend that the Town interview investment firms to determine the best fit and strategy for the Town's OPEB assets and move the assets out of cash during 2022.

FRAMEWORK FOR ASSESSING AND IMPROVING CYBERSECURITY

Prior Year Comment

Throughout an organization's normal course of business comes the need to collect, transmit, and store extensive amounts of personal and financial information, both in paper and electronic form, relating to residents, vendors and employees. The use of technology has become a driver in helping organizations stay current and succeed. However, the sharing and compilation of this information lends itself to increasing the organization's vulnerability to either a cyber computer attack, ransomware attack, or a security breach, all are considered cybersecurity attacks.

Management must be aware of the risks associated with the collection of this information and be diligent in implementing the proper policies and procedures to help to expose these risks. While impossible for an organization to eliminate all risks associated with a cybersecurity attack, an organization can take a variety of steps to mitigate its exposure, satisfy its governance responsibilities and help to minimize the impact of any attack occur.

Because management is ultimately responsible to develop, implement and operate an organization's cybersecurity risk management program, management is ultimately responsible for developing, and presenting to the organization an overview of the entity's cybersecurity risk management program.

The first step in understanding an organization's risks and working to develop and implement an effective cybersecurity plan, an organization needs to conduct a risk assessment and understand their where its greatest exposure and vulnerabilities lie. This can be completed internally if the organization has an experienced information technology team, or there are many organizations that employ experienced professionals in the information technology arena to assist in the risk assessment and implementation if desired.

Once a risk assessment is completed, the next step is to develop and implement a cybersecurity risk program which needs to be continually reviewed and updated as technology changes. This response program should be tested to determine if the proper policies and procedures have been implemented to minimize the potential costs of a cyber-attack.

The obvious benefit to conducting a risk assessment is having the knowledge and an objective identification of the organization's areas where exposure to risks is more prevalent and allows for the development of a roadmap to address the remediation of these risks.

Some of the main areas of review that should be incorporated into the risk assessment are as follows:

- Electronic Records, Paper Records (Human Resource Records, Bank Statements, Payroll Records), Resident Data, Employee Data, Physical Security of hardware and software, Any Third Party or Vendor exposure, Password Security, E-Mail Security (Understanding the risks of malware and ransomware), Mobile phones and Portable Storage Devices, System Backup Procedures, Virus Protection Software, Data Encryption, Document Retention and Destruction Policies, Use of Unauthorized Software, Ongoing Employee Training.

Risk management is the ongoing process of identifying, assessing the risk, and developing a plan to address the risks. To manage their risk, organizations should understand what the likelihood is that an event will occur and assess the resulting impact of the event. This will assist the organization in developing their own acceptable level of risk tolerance and help to prioritize the areas in which internal controls should be strengthened.

Current Status

The Town has requested quotes from various companies for cyber liability insurance. Additionally, the Town plans to hire a firm to conduct a cybersecurity risk assessment.

Continuing Recommendation

We continue to recommend that management formally document the Town's assessment of risk exposure to a cyber-attack. An internal team with the proper information technology experience can be used or a third-party vendor that specializes in this type of assessment can be used.

Once a review is completed, we recommend that policies and procedures be developed to mitigate each identified risk to an acceptable level that fits with the organization's determined risk tolerance.

We also continue to recommend that the Town obtain Cyber Liability Insurance which will help to mitigate the costs associated with a breach in information technology security.

Finally, we want to make management aware that technology is constantly changing and that this is not a one-time static process, this will require additional risk assessments and the updating of policies and procedures with the changing technological landscape.

Current Year Comments and Recommendations

TAILINGS

Current Year Comment

The Town has a balance of approximately \$41,000 that relates to checks that were written to vendors and/or employees that went uncashed for a period of time. They were then voided and recorded as a liability in accordance with the Commonwealth's abandoned property laws as a tailings liability.

A review of the general ledger suggests that the Town is adhering to the abandoned property laws; however, we noted revenue was recorded for the amount that was moved into tailings during fiscal year 2021. An adjustment has been made to remove the revenue for financial statement purposes.

The proper accounting for tailings on the general ledger would be a debit to cash and a credit to tailings liability. There should be no profit and loss impact for increases or decreases to the tailings liability.

Recommendation

We recommend that the Town continue to regularly review outstanding checks for amounts that should be voided and deposited into the liability account. When this is done a journal entry should be recorded to increase cash and increase the tailings liability.

BOND PREMIUMS

Current Year Comment

As part of Massachusetts General Laws Chapter 218 of the Acts of 2016, the Governor signed into law "An Act to Modernize Municipal Finance and Government (Act)." The Act prescribed two methods of accounting for premiums received as part of a bond issue.

They are as follows:

- 1) The municipality may apply the premiums to reduce the amount required to borrow for a particular project. The statute provides that such an authorization *must be made* in the vote authorizing the borrowing in accordance with MGL CH44, Sec. 20.
- 2) A municipality may apply the premium in a manner similar to previously issued bond authorizations. The premium would then be recorded in a "Receipts Reserved for Appropriation Fund." The premiums can then be appropriated to pay for capital related costs in accordance with MGL CH44, Sec. 20.

In both cases, the borrowing authorization of the project is reduced by the premium appropriated to the project. No longer are bond premiums allowed to be recorded to the general fund. Although the amount of premiums recorded in the general fund during FY21 is immaterial, we wanted to make sure the Town was aware of the accounting now required of bond premiums.

Recommendation

We recommend that the Town implement procedures to properly account for new premiums received based on the guidance of the Massachusetts General Laws Chapter 2018 of the Acts of 2016, "An Act to Modernize Municipal Finance and Government."

TIMELINESS OF RECORDING RECEIVABLE RECONCILIATION ACTIVITY

Current Year Comment

While the Town fully reconciles the detailed receivable balances maintained by the Collector, to the general ledger maintained by the Town Accountant on a regular basis, there have been delays in recording the reconciling items to the general ledger. This increases the risk of errors, inaccurate reporting, and makes the reconciliation process more time consuming having to look over all old reconciling items.

Recommendation

We recommend that the general ledger be adjusted timely for all reconciling items that have been noted during the receivable reconciliation process. Reconciling items should be corrected on the general ledger before the next month's reconciliation process begins.